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NSC BRIEFING

21 January 1954

THE SITUATION IN IRAN

I. Current elections to give Zahedi initial control of Majlis.

A. Elections began on 16 January. First returns in well-controlled districts result in victory for government candidates.

B. Contrary to previous official announcement that elections would be held simultaneously in all districts and would be completed within 24 hours, old method of staggered elections resorted to. May reflect government's desire to control results more detailedly.

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- C. Zahedi recently told Ambassador Henderson that he expected 40 out of 136 new deputies to support him fully; 40 more to be friendly but not to be depended upon in times of stress. The remainder would in general support the government.
- D. Zahedi probably will be able to win initial vote of confidence, but thereafter considerable uncertainty due anticipated composition of Majlis.

II. Caliber of candidates backed by Zahedi and the shah indicate that new Majlis will be little improvement over earlier ones.

- A. Many candidates obviously are being rewarded for past political support.
 - B. Several are notorious for their dishonesty and political opportunism.
- Only a few have even good reputations.

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C. Many deputies who will owe their election to the support of the shah or Zahedi will not hesitate to turn against the government in the future if their personal interests are threatened.

D. Zahedi's legislative submissions will have unpredictable backing from a predominantly self-seeking, opportunistic Majlis.

E. Many of the candidates have pro- 25X6A

British reputations

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A renewal of British influence in Majlis may frequently embarrass government.

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III. Iran asks for more aid to help cope with continuing financial crisis.

- A. The exhaustion of the \$45,000,000 emergency financial aid in April will leave Iran with deficit each month of about \$5,000,000.
- B. On 11 January Foreign Minister Entezam and Finance Minister Amini informally requested additional budgetary aid from United States.
- C. Three days later shah also expressed Iran's need for additional aid pending the restoration of oil revenues. He emphasized difficulties which Iran's armed forces were having in functioning with the funds allotted to them.

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IV. Shah continues to press for increased American support of the Iranian armed forces.

- A. The shah's increased control over the army and his apparent decision to rely on it as a source of support has led him repeatedly to ask for additional US military aid.
- B. There are serious obstacles to the development of a modern army in Iran but the shah maintains that Iran cannot consider participating in any regional defense organization unless its army is capable of some defense against invasion from the USSR.

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V. Continuing Shah-Zahedi feud threatens government stability.

- A. Open disagreements between Shah and Prime Minister which marred the early days of regime have continued in form of private disputes and political maneuvering.
- B. Disagreements have arisen over electoral candidates, although outward appearance of unanimity being maintained.
- C. Political maneuvering by pro-Shah, and anti-Zahedi clique in the army has already resulted in replacement Tehran military governor and chief of G-2. A continuation of this type of military politics could result in weakening of army's already limited effectiveness and promote factionalism within armed forces.

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- VI. A speedy solution to the oil problem and
some progress on domestic, social and
economic reforms would perhaps win
Zahedi sufficient popular support to
balance the shah's political intriguing.
Too much popular favor, however, would
react against Zahedi by arousing shah's
fear of a repetition of the Mossadeq
regime.
- VII. The outlook for continued firm control
by Zahedi government is becoming
precarious. Uncertainty concerning
rapidity of agreement with British on oil
matters emphasizes this view.